

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
SECOND SET OF INFORMATION REQUESTS FROM USWA, AFL-CIO/CLC
D. T. E. 05-27

Date: July 11, 2005

Responsible: Stephen H. Bryant, President

USWA-2-23: For 1999 to date, list the dates and the scope of all investigations of the Company performed by either the New Hampshire Public Utility Commission or the Massachusetts Department of Telecommunications and Energy. Provide all documents relating to or regarding investigations by either the New Hampshire Public Utility Commission or Massachusetts Department of Telecommunications and Energy, including, but not limited to, notices of administrative action by the agencies, correspondence between the agencies and the Company, factual findings regarding customer service complaints, and investigative reports. Additionally, attach any settlements or administrative orders regarding the same.

Response: Neither the New Hampshire Public Utility Commission or the Massachusetts Department of Telecommunications and Energy have conducted investigations of the Company from 1999 to date, other than reviews undertaken in the normal course of regulation.

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D. T. E. 05-27

Date: July 11, 2005

Responsible: Stephen H. Bryant, President

USWA-2-25: For 1999-2005, provide the total annual amount of outstanding customer debt ("outbound collections") owed to the Company and the amount of debt that has been recovered for each year through Company collections. For each year from 1999-2005, identify all employees handling collections for the Company, the years that each employee worked in collections, and if the employee was separated from service with the Company or no longer works on collections, provide a statement of the grounds therefor. Additionally, identify all contractors engaging in customer collections on behalf of the Company, state the date each contractor began contracting for the Company, the amount of outbound collections with which the contractor was entrusted during each year of work with the Company, and the total amount the contractor collected each year on behalf of the Company.

Response: Please see p. 21 of Exh. BSG/JES-1, Workpapers JES-6 for bad debt expense for the years 2002 through 2004. Also see the Company's response to DTE-09-05 for net write offs for the years 2000 and 2001. The Company will update its response to DTE-09-05 to include 1999 net write offs.

Information regarding the identification of all individuals that were involved in handling collections from 1999 to present is not readily available. The Company is in the process of researching records to provide a response to this request, and will update this response as soon as the information is available.

Please see the Company's response to AG-22-13 for information regarding contractors engaged in customer collections on behalf of the Company. The Company is compiling information regarding the amount of collection activity that was offered to each contractor and the amounts that were collected by these contractors on behalf of the Company. The Company will provide the information as soon as it is available.

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
THIRD SET OF INFORMATION REQUESTS FROM USWA, AFL-CIO/CLC
D. T. E. 05-27

Date: July 11, 2005

Responsible: Stephen H. Bryant, President

USWA-3-11: In Bob Skaggs' June 21 e-mail, he states that "this agreement will enable us to access new technology and service capabilities for our company."
Ex. A. To the extent not already provided, provide all documents supporting this claim. Additionally, define all equipment and machinery constituting "technology" within the context of the Springfield Call Center. Additionally, identify all "technology" used that the Springfield Call Center and state its purchase date.

Response: Mr. Skaggs' statement refers to the fact that IBM's principal business focus is information technology.

The technology within the Springfield Call Center includes the telephone switch, automatic call distributor, interactive voice response system, the customer information system and all related software to support the operation of the call center.

The Company will update this response at the earliest possible time with purchase dates for the major technology components of the Springfield Call Center.

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
FIRST SET OF INFORMATION REQUESTS FROM UWUA LOCAL 273
D. T. E. 05-27

Date: July 11, 2005

Responsible: Stephen H. Bryant, President

- UWUA-1-10 (a) Please explain how calls are counted for purposes of reporting the telephone response statistics, if the caller reaches a busy signal and then hangs up. Is this call not counted at all in the totals; counted as a call not answered within 20 (or 30) seconds; or counted in some other manner?
- (b) Please explain how calls are counted for purposes of reporting the telephone response statistics, if the caller reaches interactive voice response and then hangs up before speaking to a live customer service rep. Is this call not counted at all in the totals; counted as a call not answered within 20 (or 30) seconds; or counted as a call answered in 20 (or 30) seconds?
- (c) To the extent that the rules or protocols governing how these calls would be counted have changed since January 1, 2002, please explain all such changes.
- (d) For the period January 1, 2000 to present, please provide a schedule showing the (1) busy signal rate, (2) call abandonment rate (separated by emergency or gas leak calls and all others), (3) average time to answer, and (4) percent calls answered within 20 seconds and 30 seconds, for each quarter.

- Response: (a) Please see the Company response to AG-18-08. For convenience, a copy of that **BULK FILING** is provided here. Specifically, see Attachment AG-18-08 (g) for a copy of the Company's May 13, 2005 submittal to the Department in DTE-05-12. Included in the May 13, 2005 submittal, labeled as Response DTE 1-1 is the Company's comprehensive SQ manual that provides description of how each service quality measure is calculated.
- (b) Please see the Company's response to (a).
- (c) The Company's protocols have not changed since January 1, 2000.
- (d) Please see the Company's response to USWA-02-20 (**BULK FILING** previously provided). The information requested is either in the MA or NH filings that are attached to this response.

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
FIRST SET OF INFORMATION REQUESTS FROM LOCAL UWUA 273
D. T. E. 05-27

Date: July 11, 2005

Responsible: Stephen H. Bryant, President

UWUA-1-32 For the period January 1, 1998 to present, please provide a copy of any and all communications between or among the Department, the company, and any customers (or advocates or representatives of customers) concerning Bay State's policies and practices for handling assertions of serious illness protections by customers. Please make sure to include all correspondence to or from Steve Bryant, and any communications to or from Michelle Lerner, Esq., a legal services attorney.

Response: Att. UWUA-1-32 (a) is a copy of an email between Virginia Anthony and Attorney Michelle Lerner dated February 21, 2003 and February 27, 2003 respectively.

Att. UWUA-1-32 (b) is a copy of a letter sent to Karen Robinson, Director of the DTE Consumer Division dated July 15, 2002 that references correspondence with Attorney Michelle Lerner.

Att. UWUA-1-32 (c) is a copy of a letter sent to Karen Robinson, Director of the DTE Consumer Division dated April 23, 2003 that references correspondence with Attorney Michelle Lerner.

Att. UWUA-1-32 (d) is a copy of a letter addressed to Attorney Michelle Lerner dated May 20, 2003.

Att. UWUA-1-32 (e) is a copy of a letter addressed to Attorney Michelle Lerner dated June 26, 2003.

Letters mailed to the Company from Attorney Lerner could not be located.

"Michelle Lerner"
<mlerner@mvlegal.org>

02/27/2003 10:49 AM

To:
cc:
Subject:

Virginia Anthony/BSG/E
<kmaciver@mvlegal.org>
Re: Your Letter & Voice

Virginia,

Thanks for your e-mail. Do you have any idea when Steve will be free to discuss these issues? I assume when the annual reports are done, but do you know when that will be? I understand that you are all very busy, but we met in mid-August and at the end of that meeting Steve said he would get back to me and Ken soon. It has now been over 6 months with no reply, and Steve has not returned any of my phone calls. In such circumstances, it is hard to feel like Bay State Gas is taking the issues that we raised very seriously.

I am still hopeful that we can work together on the multiple issues that we discussed, because the August 15 meeting did seem very positive. You have been very helpful on individual cases, and I will continue to contact you if I have individual clients with problems. Since the moratorium has been extended, I do not expect to see many problems over the next two months and hope that this will give us some time to work out the other problems that we discussed last year. If you can give me any idea of when Steve (or you, or anyone else) will be able to get back to me and Ken with substantive information about the issues we raised, I would appreciate it (and it will allow me to stop bugging you about it as well, because I will have some idea of when to expect a reply).

Thanks,
Michelle

----- Original Message -----
From: <VAnthony@nisource.com>
To: <mlerner@mvlegal.org>
Sent: Friday, February 21, 2003 4:20 PM
Subject: Your Letter & Voicemail Message

> Hi Michelle, I got your voicemail message yesterday and want to apologize
> that we have not been able to get back to you. We did receive your letter
> dated 1/30/03.

>
> I want you to know that I advised Steve Bryant of your call and of the
> content of your voice mail message. I know that Steve has been meaning to
> get back to you. At this time of year we are extremely busy with filing
> annual reports and Steve's involvement in those filings is mandatory, as I
> am sure you can appreciate.

>
> He does intend to contact you. The moratorium in MA has been extended
> through May 1 for customers eligible for financial hardship protection,
> which will enable those having financial difficulties maintain their
> service. Any one having financial difficulties, whether they have a
> documented financial hardship or not, should contact our credit department

> to make a payment arrangement if they have an overdue balance.
>
> Again, we are sorry for the delay in responding to you and I know that
> Steve Bryant will contact you very soon. If I can help you in any way
> with
> any individual customer, please feel free to contact me any time.
>
> Thanks
>
>
> Virginia Anthony
> Bay State Gas Company
> 55 Marston St., Lawrence MA
> Telephone: 978-687-1105 Ext 4402
>

July 15, 2002

Ms. Karen A. Robinson, Director
Department of Telecommunications & Energy
One South Station, 2 West
Boston MA 02110

Dear Karen,

Thank you for forwarding Attorney Michelle Lerner's letter to my attention. In investigating the issues identified in Ms. Lerner's letter, we learned the following about each of the consumers mentioned:

REDACTED

Bay State Gas realizes the importance of these rules and it is our intention to adhere to them to the letter of the law and in keeping with the spirit of regulations. However, when a training deficiency is identified and brought to management's attention, corrective action is taken immediately. As you will recall, we found it necessary to hire several new CSRs recently and there is an extensive learning curve for these positions. Once classroom training has taken place, additional training is provided on an individual basis, by senior representatives and supervisors. In an effort to assure the Department that all CSR's are handling these calls in a manner consistent with the regulations, two reference bulletins have been issued to all customer contact employees since receiving this letter, the first one on the same day that your letter was

received by me. Training is planned to take place in the very near future. The job aid designed for training and on-going CSR use is currently also being revised to better reflect these processes.

The intent of this response is to provide Attorney Lerner with information on our practices related to Infant, Elderly and Serious Illness Protection. BSG supports these Protections by providing information on how to apply for a claim preprinted on our bill and notice stock. All residential customers receive a financial hardship form with each bill and notice during the winter moratorium. A financial hardship form and a notice of the protections is left with the customer or at the door on each field collection visit. It is not our intention to withhold, mislead or misdirect consumers with regards to the protections afforded by C.M.R 25.00.

The following summarizes the Company's actions on this topic:

- Reference bulletins reissued to all CSRs on____ (date).
- Refresher training on policies and procedures related to these protections is currently being developed and will be scheduled for July 30 & 31, 2002.
- The CSR Call Aid is currently being updated to strengthen CSRs' understanding and consistency in handling these calls.
- Quality Assurance/Call Monitoring will address on CSRs' ability to handle these calls with accuracy, courtesy and consistency.
- Management Reports will be developed to monitor our progress.
- Protection information is readily available to all customers via monthly bill and late payment notices.
- Hardship forms are left at customer's premise by Field Collection personnel.

I am also happy to speak with Attorney Lerner directly, if she should become aware of any problems of this nature in the future. If you require additional information, please contact me at 978-687-1105 extension 4402. Thank you for forwarding this letter to my attention.

Sincerely,

Virginia Anthony
Manager Customer Relations & Compliance

April 23, 2003

Karen Robinson, Director
Department of Telecommunications & Energy
One South Station, 2 West
Boston, MA 02110

Dear Ms. Robinson,

Thank you for your letter dated March 31, 2003, where you forwarded Attorney Michelle Lerner's recent correspondence to my attention. I am happy to respond to the points made by Attorney Lerner and also inform you of steps that have been taken at Bay State Gas to ensure that we are meeting the requirements of 220 CMR 25.03.

When we were made aware that a customer had difficulty applying for serious illness protection last summer, a number of steps were taken to correct the deficiency identified. I will outline the steps that have been taken from that point forward.

July 2002-Training sessions on the Massachusetts protections were conducted with all employees in our Call Center handling customer calls of this nature. The training was presented for call center representatives that handle billing and collection calls and those that process the required paperwork forwarded to the company by the customer to complete an application for a protection claim. Each employee was provided with a seven-page training document arranged in a question and answer format enabling the call center representatives to find an answer quickly. I have enclosed a copy of this document for your review. In addition, we also conducted a group quiz at the end of this session using a format that the Department had utilized at a utility managers meeting several years ago, which encouraged group discussion on various scenarios. I have also enclosed a copy of this document for your review.

Fall 2002-Our computer generated letters issued to customers when a temporary protection is added to a customer account were revised to include the printing of a Financial Hardship Form on the bottom section of the letter. The newly formatted letters were in production by the end of 2002. The result achieved by this initiative improved efficiency in our call center as well as enabled the customer to have the form and information needed to complete the claim on one sheet of paper. Our CIS is able to track the progress of the claim, suspend collection activity and issue a denial or approval letter with the required language of CMR 25.03 depending on the outcome of the claim status.

Fall 2002-A request was presented to our CIS Development team to enhance the temporary and renewal serious illness letter to add a second page that provides the customer with a preprinted form to be completed by the customer's physician or medical facility. Again, this will improve the efficiency of handling these claims as well as provide the customer with an additional option of using the preprinted form to fulfill the requirements. We expect this enhancement to be programmed very soon and we are currently using the preprinted forms when a customer requests information on how to apply for the protection on an individual basis.

Call Aid -The Call Aid mentioned by Attorney Lerner is a relatively new tool made available to the call center representatives. Utilization of this on-line technology will ensure that the call center representatives have information in a format that will enable them to provide consistent responses to questions asked by our customers. The tool allows the Company to revise our policies and call handling procedures in a relatively short period of time when needed and is kept up to date. The Call Aid contains a section on MA protections as well as the many other procedures required to handle our customer calls in a manner that enables the Company to comply with the consumer regulations of Massachusetts, New Hampshire and Maine.

Management Reports-Every complaint case opened by the Department is investigated to understand the cause of the complaint with an eye towards determining if the complaint could have been prevented. The Company continues to focus on the root cause of consumer division complaints in our Service Quality

initiatives and every effort is made to reduce the number of complaints that escalate to the Division of Consumer Affairs.

Call Monitoring-The Call Center Management staff continues to conduct random monitoring of customer calls to ensure that the call center representatives handle calls with accuracy, courtesy and consistency.

Protection Information-We also make readily available to all customers information on the protections through the monthly bill, late payment notices and financial hardship forms left with the customer when a field collection visit is completed.

Bay State Gas is aware of the importance of meeting the requirements of the Massachusetts DTE regulations and has taken steps to ensure that the Company's procedures are in compliance with them. A review of the cases recorded in the Company's Commission Complaint Database does not reveal that there is a systemic problem at Bay State Gas with handling these claims

Bay State Gas appreciates the interest of Attorney Lerner in insuring that her clients obtain the rights afforded by Massachusetts General Law and hopes that she will continue to work with the Company to bring forward situations that need special or additional attention. I am happy to be her contact and I can assure you that I will immediately address any issues brought to my attention. Bay State is committed to evaluating suggestions forwarded by Attorney Lerner and other sources to ensure that we service our customers efficiently and effectively, while adhering to the rules set forth by the Department.

If you require additional information, please contact me at 978.687.1105 extension 4402. Thank you for forwarding this letter to my attention

Sincerely,

Virginia Anthony
Manager Customer Relations & Compliance

May 20, 2003

Attorney Michelle Lerner
35 John Street
Lowell, Massachusetts 01852

Re: XXXXXXXXXXXXXXX, Bay State Account Number XXXXXXXXXXXXXXX

Dear Attorney Lerner,

Thank you for your recent letter dated April 24, 2003 on behalf of your client XXXXXXXXXX. Included with your letter was a new physician's letter and I wanted to let you know that her serious illness protection has been updated and will remain in effect until 9/29/2003. At approximately 30 days prior to that date, she will be sent a letter advising her of what she needs to do to renew her protection claim, if her illness continues. Since she is eligible for Fuel Assistance this year, she is not required to complete a financial hardship form to complete the second component of the claim.

In reference to your suggestion of issuing correspondence in Spanish for our Lawrence customers, unfortunately, our Customer Information System does not have that capability presently. However, I would like to make you aware that the Company does place a preprinted notice on all bill and collection notice stock in Spanish, which informs the customer that this is an important notice and if they do not understand it, they should seek help in having it translated or call the Company. Our Call Center employs several bi-lingual Spanish speaking customer service representatives, and we also utilize conference call capability with an interpreter service when any other language interpretation is needed. In reviewing our automated letters relating to protection claims, I find that they meet the requirements of CMR 25.03. However, it may be possible to add a notice in Spanish similar to the one printed on our bill stock, to the letters and I will let you know if we are able to do that.

We do appreciate your help in assisting our customers in obtaining the protections made available to consumers through CMR 25.03 and I am happy to intervene in any instance that you bring to my attention if needed. In any such situation, if the Company has failed to meet the requirements of MA regulations, I will immediately take steps to investigate and correct the situation. Thank you for giving me the opportunity to assist you with XXXXXXXXXX's account. Please contact me if I can be of any further assistance.

Sincerely,

Virginia Anthony
Manager Customer Relations & Compliance

Cc: Karen Robinson, Director Massachusetts Department of Telecommunications and Energy
Steve Bryant, Vice President, External Affairs and Regulatory Policy

June 26, 2003

Attorney Michelle Lerner
35 John Street, Suite 302
Lowell, MA 01852-1101

Dear Attorney Lerner,

In a recent conversation I had with Karen Robinson, Director, MA Department of Telecommunications & Energy, she asked that I contact you to inform you of the steps that Bay State Gas has taken to ensure that customers who are eligible to receive serious illness protection, would receive it.

When we were made aware that a customer had difficulty applying for serious illness protection last summer, a number of steps were taken to correct the deficiency identified. I will outline the steps that have been taken from that point forward.

July 2002-Training sessions on the Massachusetts protections were conducted with all employees in our Call Center handling customer calls of this nature. The training was presented for call center representatives that handle billing and collection calls and those that process the required paperwork forwarded to the company by the customer to complete an application for a protection claim. Each employee was provided with a seven-page training document arranged in a question and answer format enabling the call center representatives to find an answer quickly. I have enclosed a copy of this document for your review. In addition, we also conducted a group quiz at the end of this session using a format that the Department had utilized at a utility managers meeting several years ago, which encouraged group discussion on various scenarios. I have also enclosed a copy of this document for your review.

Fall 2002-Our computer generated letters issued to customers when a temporary protection is added to a customer account were revised to include the printing of a Financial Hardship Form on the bottom section of the letter. The newly formatted letters were in production by the end of 2002. The result achieved by this initiative improved efficiency in our call center as well as enabled the customer to have the form and information needed to complete the claim on one sheet of paper. Our CIS is able to track the progress of the claim, suspend collection activity and issue a denial or approval letter with the required language of CMR 25.03 depending on the outcome of the claim status.

Fall 2002-A request was presented to our CIS Development team to enhance the temporary and renewal serious illness letter to add a second page that provides the customer with a preprinted form to be completed by the customer's physician or medical facility. Again, this will improve the efficiency of handling these claims as well as provide the customer with an additional option of using the preprinted form to fulfill the requirements. We expect this enhancement to be programmed very soon and we are currently using the preprinted forms when a customer requests information on how to apply for the protection on an individual basis.

Call Aid -The Call Aid is a relatively new tool made available to our call center representatives. Utilization of this on-line technology will ensure that the call center representatives have information in a format that will enable them to provide consistent responses to questions asked by our customers. The on line tool allows the Company to revise our policies and call handling procedures in a relatively short period of time when needed and is kept up to date. The Call Aid contains a section on MA protections as well as the many other procedures required to handle our customer calls in a manner that enables the Company to comply with the consumer regulations of Massachusetts, New Hampshire and Maine.

Management Reports-Every complaint case opened by the Department is investigated to understand the cause of the complaint with an eye towards determining if the complaint could have been prevented. The Company continues to focus on the root cause of consumer division complaints in our Service Quality

initiatives and every effort is made to reduce the number of complaints that escalate to the Division of Consumer Affairs.

Call Monitoring-The Call Center Management staff continues to conduct random monitoring of customer calls to ensure that the call center representatives handle calls with accuracy, courtesy and consistency.

Protection Information-We also make readily available to all customers information on the protections through the monthly bill, late payment notices and financial hardship forms left with the customer when a field collection visit is completed.

Shut off notice enhancement-June 2003-a request has been made of our CIS development team to print in Spanish on the front of our shut off notice a message that the document is important and if it cannot be understood, it should be translated.

Retro adjustments-Bay State will automatically adjust any customer's account back to November 1 when they are approved for a Fuel Assistance program, if they are not already on the low-income rate. The company also extends thorough March 31, the discount rate program and shut off protection for any customer on the Fuel Assistance program in the prior year.

Bay State Gas is aware of the importance of meeting the requirements of the Massachusetts DTE regulations and has taken steps to ensure that the Company's procedures are in compliance with them. A review of the cases recorded in the Company's Commission Complaint Database does not reveal that there is a systemic problem at Bay State Gas with handling these claims

We appreciate your interest in insuring that your clients obtain the rights afforded by Massachusetts General Law and hopes that you will continue to work with the Company to bring forward situations that need special or additional attention. I am happy to be your contact and I can assure you that I will immediately address any issues brought to my attention. Bay State is committed to evaluating suggestions forwarded by you and other sources to ensure that we service our customers efficiently and effectively, while adhering to the rules set forth by the Department.

As mentioned earlier, I have also enclosed copies of materials used in training sessions that I conducted in our Call Center last summer. I have also enclosed a copy of the Protections Quiz utilized in the training sessions to encourage discussion.

I sincerely hope that this information is helpful. However, if you require any additional information, please contact me at 978.687.1105 extension 4402.

Sincerely,

Virginia Anthony
Manager Customer Relations & Compliance

Cc: Steve Bryant, Vice-President External Affairs
Karen Robinson, Director, Massachusetts Department of Telecommunications & Energy

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
SECOND SET OF INFORMATION REQUESTS FROM UWUA LOCAL 273
D. T. E. 05-27

Date: July 11, 2005

Responsible: Stephen H. Bryant, President

UWUA-2-7 Please list on a quarterly basis for the period 1998 to date (to the extent each company has a credit rating) the credit ratings of Bay State, NiSource, and NiSource Financial Services, from each major credit rating agency.

Response: Please see the Company's response to UWUA-01-25 for credit rating information from 2000 to present. The Company will supplement this response if information for 1998-1999 can be readily obtained.

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
SECOND SET OF INFORMATION REQUESTS FROM UWUA LOCAL 273
D. T. E. 05-27

Date: July 11, 2005

Responsible: Stephen H. Bryant, President

UWUA-2-21 To the extent not provide in response to UWUA 2-11, please provide total compensation provided to (i) Steve Bryant and (ii) Dan Cote for each of the years 1999 to present, including all wages, salaries, bonuses, stock options, use of vehicles, memberships, housing allowances, or any other thing of value.

Response: Please see the Company response to AG-11-05 for the current salaries of Mr. Bryant and Mr. Cote. The Company is compiling the additional information requested and will provide it as soon as it is available.

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
SECOND SET OF INFORMATION REQUESTS FROM UWUA LOCAL 273
D. T. E. 05-27

Date: July 11, 2005

Responsible: Stephen H. Bryant, President

UWUA-2-23 Please provide the number of customers on whose behalf the company received fuel assistance payments, for the winter heating seasons beginning Nov. 1, 1999 to May 31, 2000 (and Nov. 1, 2000 to May 31, 2001, etc.) through to the heating season just ended.

Response: The information requested is not readily available. The Company is endeavoring to compile the information and will supply it if/when it is available.

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
SECOND SET OF INFORMATION REQUESTS FROM UWUA LOCAL 273
D. T. E. 05-27

Date: July 11, 2005

Responsible: Stephen H. Bryant, President

UWUA-2-24 (Bryant testimony, p. 36) Please explain what Mr. Bryant means by the word "normal" when referencing adding \$20 million to the "normal" amount that it would otherwise spend on replacing steel mains. Including a table showing the amounts spent for steel infrastructure for each of the years 1998 to 2004; the currently projected amount for 2005; and the amount Bay State was planning to spend in 2006 to 2010 before developing the SIR plan that will ramp up these expenditures.

Response: Mr. Bryant is referring to the average rate of expenditures for replacement of bare steel mains in recent years. As shown at p. 3 of Exh. BSG/JES-1, Schedule JES-17, the average amount spent from 2000 through 2003 for replacement of steel infrastructure was \$3,232,995, including mains services and other related additions. This is the amount that the Company is representing as "normal".

Please see the Company's response to AG-02-34 for a history of the cost of steel main replacement from 1998 to present, as well as the projected cost of steel main replacement, by division, for 2005.

Without an increase in the program, the Company would have continued to spend approximately \$3.2 million per year on replacement of steel infrastructure from 2006 to 2010.

COMMONWEALTH OF MASSACHUSETTS
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RESPONSE OF BAY STATE GAS COMPANY TO THE
SECOND SET OF INFORMATION REQUESTS FROM UWUA LOCAL 273
D. T. E. 05-27

Date: July 11, 2005

Responsible: Stephen H. Bryant, President

- UWUA-2-31 (a) For the period since the Metscan devices were first installed, please provide a copy of all communications between the company and the manufacturer or vendor of the Metscan devices (or with any third party) which in any way addressed problems with the devices, including but not limited to problems with the overall longevity of the devices, problems with the batteries, problems with accessing information from the meters, problems with transmitting the metered data onto telephone lines, unexpected costs of operating and maintaining the meters, or any other problem.
- (b) Please provide analysis the company has performed at any time since the Metscan system was first installed regarding any unexpected increases in owning or operating the Metscan system, relative to initial estimates made by the company or provided by the vendor. Include any increased labor costs incurred by company meter readers who had to read meters in instances where the Metscan meters did not perform as anticipated.

- Response: (a) Please see the Company's response to DTE-5-15.
- (b) Please see Attachment UWUA-02-31 (b) for Metscan project updates, dated March 23, 1992, October 19, 1992 and September 8, 1993. Please also see the Company's response to AG-03-32.

OFFICE MEMORANDUM

DATE: March 23, 1992
SUBJECT: AUTOMATED METER READING STATUS
FROM: J.M. Coughlin *Jmc*
TO: C.G. Setian
cc: P.W. LaShoto, E.A. McIntyre, M. Tracey

Overall the installation of automated meter reading (AMR) is progressing satisfactorily. At the end of February we had approximately 33,200 devices installed. An overall saturation rate of 80% had been achieved in installed meter reading routes. We have verified and are billing 84.9% of installed customers. 6.0% of the installed devices are not verified. Missing calls account for remaining 9.1% of the non-billed customers. (See Exhibit 1).

Bay State has made some changes to its installation program based upon this year's experience. Missing calls is the biggest problem in providing accurate and timely meter readings. In an effort to reduce the "no call" problem, meter reading routes with low income housing or a large saturation of multiple family dwelling units will be postponed until New England Telephone's (NET) Ready-Serve capability is available.

NET is currently testing their capability for leaving dial tone at disconnected customer premises. We will be meeting with NET representatives in mid-April to discuss their progress with their Ready-Serve test. Ready-Serve is officially scheduled to be in place in 1994, but may be available in non-rural areas as early as third quarter 1992. In addition NET is designing and pricing a specialized tariff to enable BSG to run a voice grade telephone line with multiple drop points to retrieve meter reading information from multi-family dwelling units with a history of phone line disconnections.

We have been able to derive added benefit from the system by using customers from scheduled 1991 installation routes as a basis for the company's demand side management program at no additional cost.

1. We will be gathering consumption data on approximately 1,500 customers on an hourly basis and transferring that data to the Gas Supply department.
2. The same type of data gathering will be done for BSG's load management program.

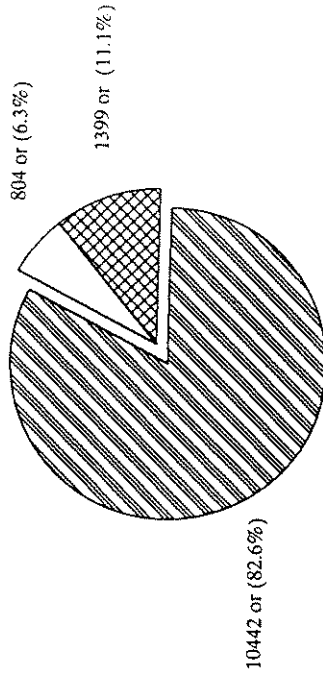
majority of that product failure was due to a moisture related issued which Metscan has addressed with a product modification. The product warranty has been extended for one addition year on all product installed in 1992.

If you have any questions or need additional information, please feel free to contact me.

EXHIBIT 1

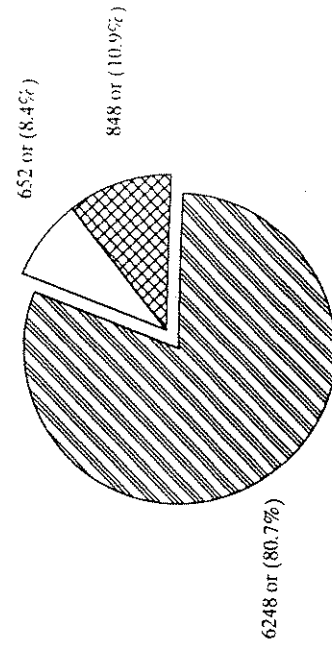
Brockton Metscan Status

12,645 Installed Devices



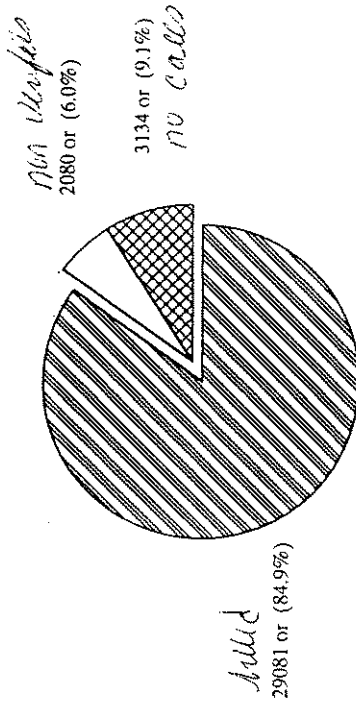
Lawrence Metscan Status

7,748 Installed Devices



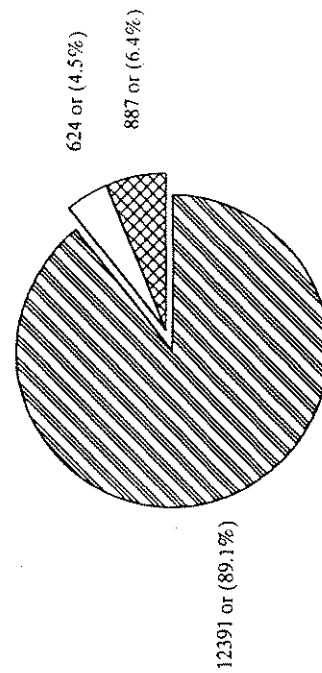
Corporate Metscan Status

34,295 Installed Devices



Springfield Metscan Status

13,902 Installed Devices



OFFICE MEMORANDUM

DATE: October 19, 1992

SUBJECT: Corporate Control of Metscan Costs for 1993 Budget

FROM: J.M. Coughlin *JMC*

TO: P.W. LaShoto

cc: P. Ford, C. Setian

To date the divisions have not requested any information regarding the budgeting of Metscan device and supply costs for 1993. Our contract with Metscan requires the placement of an order by November 1. The average unit cost of the Metscan residential and commercial devices plus supplies for 1993 will be approximately 9% less than 1992 based upon the declining price contract negotiated at the start of the program. Please note that we have reached the lowest price in the contract so future years should see a stabilization in the unit cost of the device and supplies. These declining material costs do not appear to be incorporated in the Metscan installation unit costs as shown in the 1993 capital budget.

	<u>Residential Unit</u>	<u>Commercial Unit</u>
<u>1992 Costs</u>		
1992 Avg Unit Price	\$46.18	\$47.18
Supply Rebate	<u>(2.14)</u>	<u>(2.14)</u>
Net Unit Cost	\$44.04	\$45.04
Installation Supplies	\$ 5.00	\$ 5.00
Avg Index Cover Cost		
Residential	0	
Commercial-Rotary		\$50.00
Commercial-Vertical		\$17.00
<u>1993 Costs</u>		
1993 Avg Unit Price	\$41.92	\$42.96
Supply Rebate	<u>(1.78)</u>	<u>(1.78)</u>
	\$40.14	\$41.14
Installation Supplies	\$ 5.00	\$ 5.00
Avg Index Cover Cost	Same	Same

Corporate efforts to control Metscan costs are focused on minimizing the costs of the supplies and equipment used in installation, setting guidelines for inventory control, standardizing installation procedures and streamlining and improving the quality of the processing of installation data.

Purchasing and Inventory Control have worked closely with Operations to monitor and reduce supply and associated inventory costs associated with the supplies. With a two year history on the use of supplies, efforts to control the supply costs for the 1993 budget year will focus around putting the Metscan supplies on a min/max quantity to match field requirements more closely. Previously we had a fixed order quantity for the year. We continuously work with installation equipment vendors to improve the quality and installation ease of their products.

Improving the quality of processing installation data is an ongoing process. Multiple processing of installation information affects the unit cost of automated meter reading.

The quality of the AMD unit also affects the unit cost. The costs to troubleshoot units that fail in 6 months or less are capitalized. The failure rate of the Metscan product installed in 1991 was approximately 3.0%. The improved product installed in 1992 is failing at a rate of 0.7%. This improvement should result in a lower capital cost. Thus the 1993 capital budget should assume a levelized capital cost for troubleshooting problems. Please note that troubleshooting shooting costs for units in the field longer than 6 months should be expensed.

Much of the control for the success or failure of the Metscan program has been turned over to the Metscan division supervisors. I can arrange to meet with divisional Metscan supervisors to understand the assumptions used in setting up their budgets, if you wish.

The issue of how to track a new customer hookup needs to be addressed. Should the estimated 5,884 AMD units required for new customers and meter relocations be capitalized under the Metscan budget or capitalized as a new customer installation? The time required to perform a new customer connection should be less than that for a retrofit customer. Will these installations volumes be lumped into the "Metscan" costs or will they be tracked under another cost category? Decisions on these issues will affect both the volume and unit costs that are slotted into the Metscan budget.

If you need any additional information, please feel free to contact me.

OFFICE MEMORANDUM

DATE: September 8, 1993
SUBJECT: METSCAN PROJECT UPDATE
FROM: J.M. Coughlin *JMC*
TO: C.G. Setian

cc: T. Sherman, P. Ford, P. Reinhardt, D. Curley, J. Burke, P. Kallaughar, J. Snow

In December, 1992 a task force was formed to investigate the economic viability of the Metscan project and to evaluate future company direction. The Task Force recommended the project continue based upon the analysis of company wide data. Specific process improvements were documented that, if implemented, will reduce future operating costs. Paul LaShoto is coordinating an effort to implement the team recommendations.

The economic analysis for the project was rerun using the data compiled by the task force plus 2 years of actual costs, resulting in a 10.34% return over the life of the project against a hurdle rate of 9.97%.

Bay State has incurred an average annual unit failure rate of .95 percent. Since the failure rate is above the .5 percent predicted by the manufacturer, Metscan has extended the warranty on all product.

Bay State has realized many of the benefits forecasted in the economic analysis as well as additional benefits not originally quantified. As of Spring, 1993 the company had decreased its meter reading force by 8 persons, as projected in the original economic analysis. In addition to the reduction in meter readers which is directly attributable to the Metscan program, the company is realizing incremental operational savings as well as additional improvements in the level of service to the customer, which will be individually discussed below.

One of the driving forces behind implementing automated meter reading was to improve customer satisfaction by reducing estimated reads. Attachment 1 summarizes the level of actual billing reads used from the Metscan system. Of the 74,136 accounts installed with Metscan, on average 90.3% receive an actual bill every month. In comparison, shows that 32.6 % of non-Metscanned customers receive an actual bill every month. Fifty percent of our non-Metscanned customers are scheduled to receive an estimated every month while an additional 17.4

% receive an estimated read even though they are scheduled for an actual read. This translates to a 17.4% CGI rate.

The improved customer satisfaction for Metsscanned customers is supported by a smaller number of billing related calls. Attachment 2 shows that, on average, 10.3% of all non-Metsscanned accounts have bill inquiries compared to 5.1% of all Metsscanned accounts. This is a 50% reduction in billing inquiries on accounts with automatic meter reading. This reduction in calls should translate into long term operational savings through the reduction of billing support personnel.

Attachment 3 is a comparison of the "long no read" accounts for Metsscanned and non-Metsscanned accounts. The DPU will support the customer on a bill complaint for any account that does not have an actual read in the last 6 months. Thus, accounts which have been estimated for longer than 6 months are a potential revenue liability for the company as well as a source of DPU disapproval. The Metscan system has reduced the percentage of "long no reads" in every division. Please note that the Springfield work stoppage adversely affected that division's ability to control "long no reads" on non-Metsscanned accounts. .8% of Metsscanned customers have over 6 months of estimates, while 2.7% per cent of non-Metsscanned customers have over 6 consecutive months of estimates.

Metscan reads are also being used for soft shuts offs/turn ons whenever possible. This procedure will reduce the need to send service personnel into the field for meter readings and further reduce operating expenses.

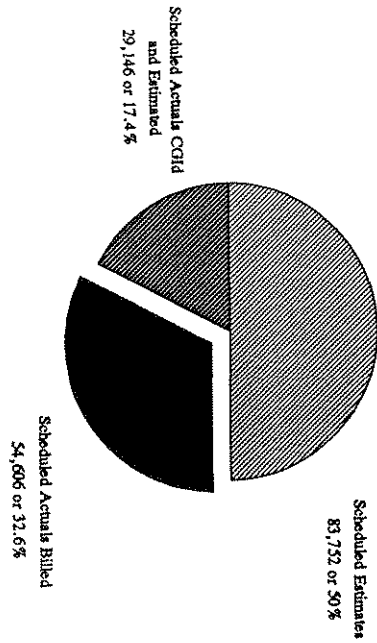
In addition to the standard meter reading application for automated meter reading, Bay State Gas is also using the data for the support of its demand side management and load management programs at no incremental cost. The marginal gas sales program has also been supported by the Metscan program for several years. As an added customer service, Bay State provides load data to large customers who request this information either in hard copy format or as a pulse input into the customer's fuel management system.

If you have any questions, please feel free to contact me.

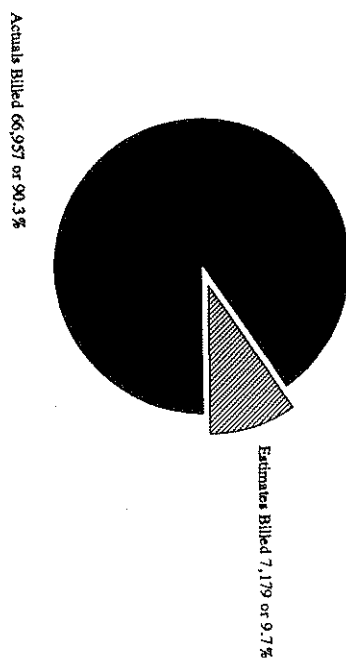
bcc: E. McIntyre
C. Collins
S. Boyce
P. LaShoto
M. Tracey

BILLING ANALYSIS - JULY, 1993

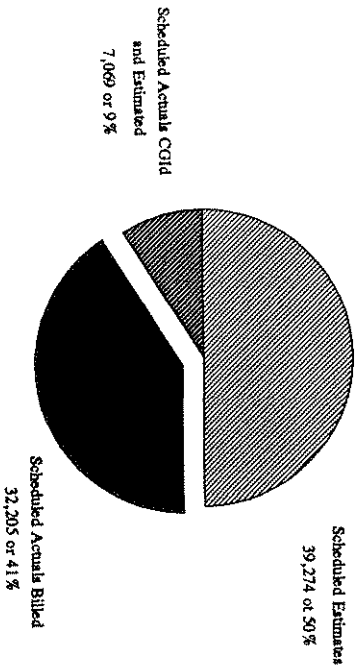
TOTAL NON-METSCAN CUSTOMER BASE: 167,504



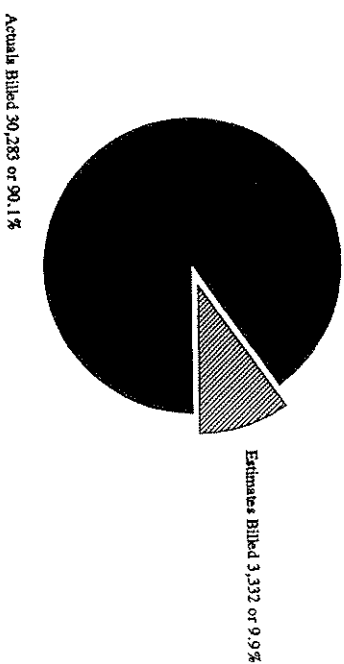
TOTAL METSCAN CUSTOMER BASE: 74,136



BROCKTON NON-METSCAN CUSTOMER BASE: 78,548



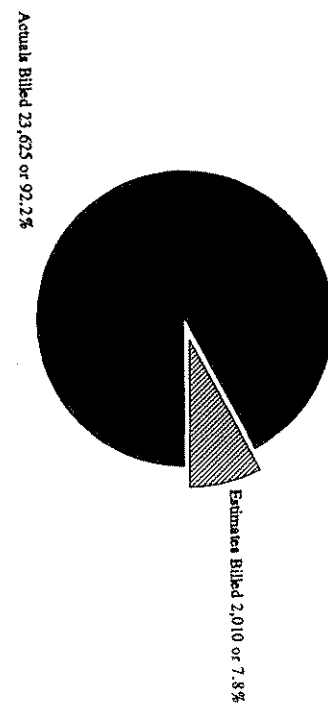
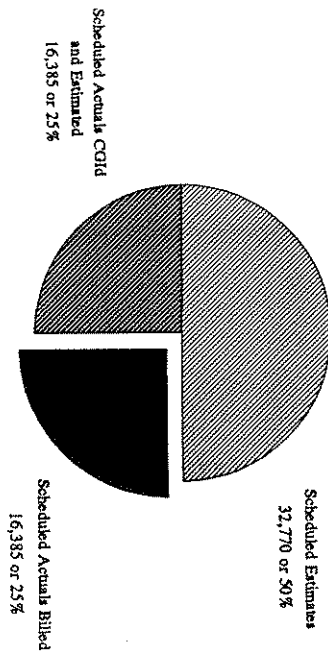
BROCKTON METSCAN CUSTOMER BASE: 33,615



BILLING ANALYSIS – JULY, 1993

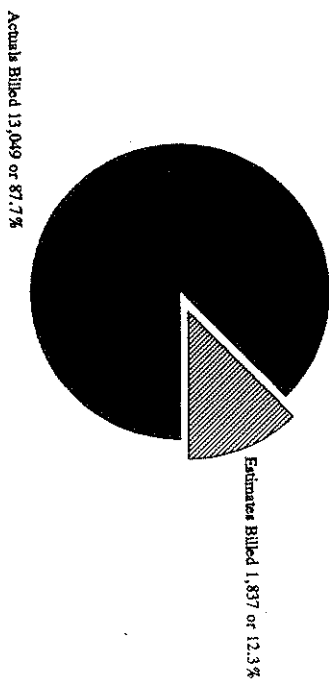
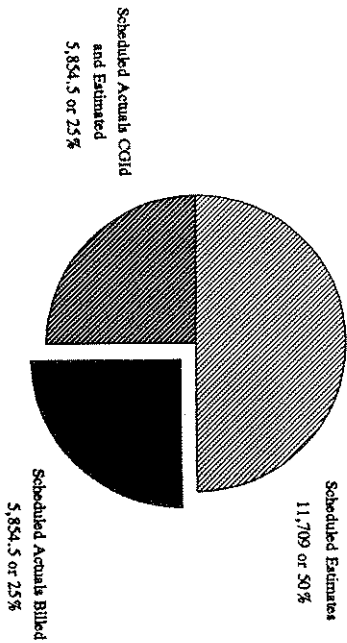
SPRINGFIELD NON-METSCAN CUSTOMER BASE: 65,539

SPRINGFIELD METSCAN CUSTOMER BASE: 25,635



LAWRENCE NON-METSCAN CUSTOMER BASE: 23,417

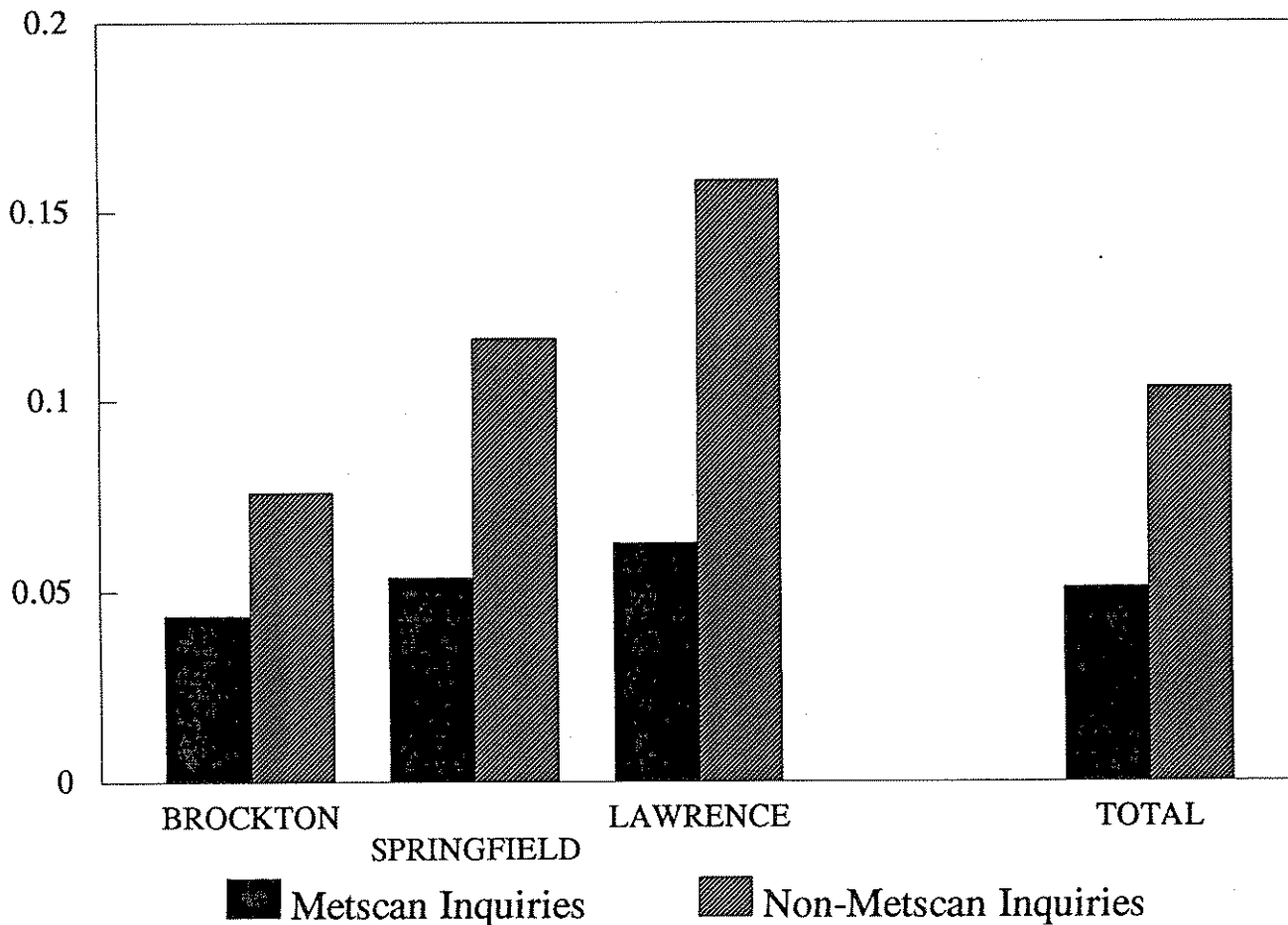
LAWRENCE METSCAN CUSTOMER BASE: 14,886



ACTIVITY CODE T13 (BILLING INQUIRY) TOTALS FROM 6/14/93 - 8/17/93
RATIO OF TELEPHONE CALLS TO CUSTOMER BASE

	METSCAN			NON-METSCAN		
	<u>ACCOUNTS</u>	<u>CALLS</u>	<u>RATIO</u>	<u>ACCOUNTS</u>	<u>CALLS</u>	<u>RATIO</u>
BROCKTON	33,615	1,467	4.36%	78,548	5,960	7.59%
SPRINGFIELD	25,635	1,376	5.37%	65,539	7,641	11.66%
LAWRENCE	14,886	933	6.27%	23,417	3,710	15.84%
TOTAL COMPANY	74,136	3,776	5.09%	167,504	17,311	10.33%

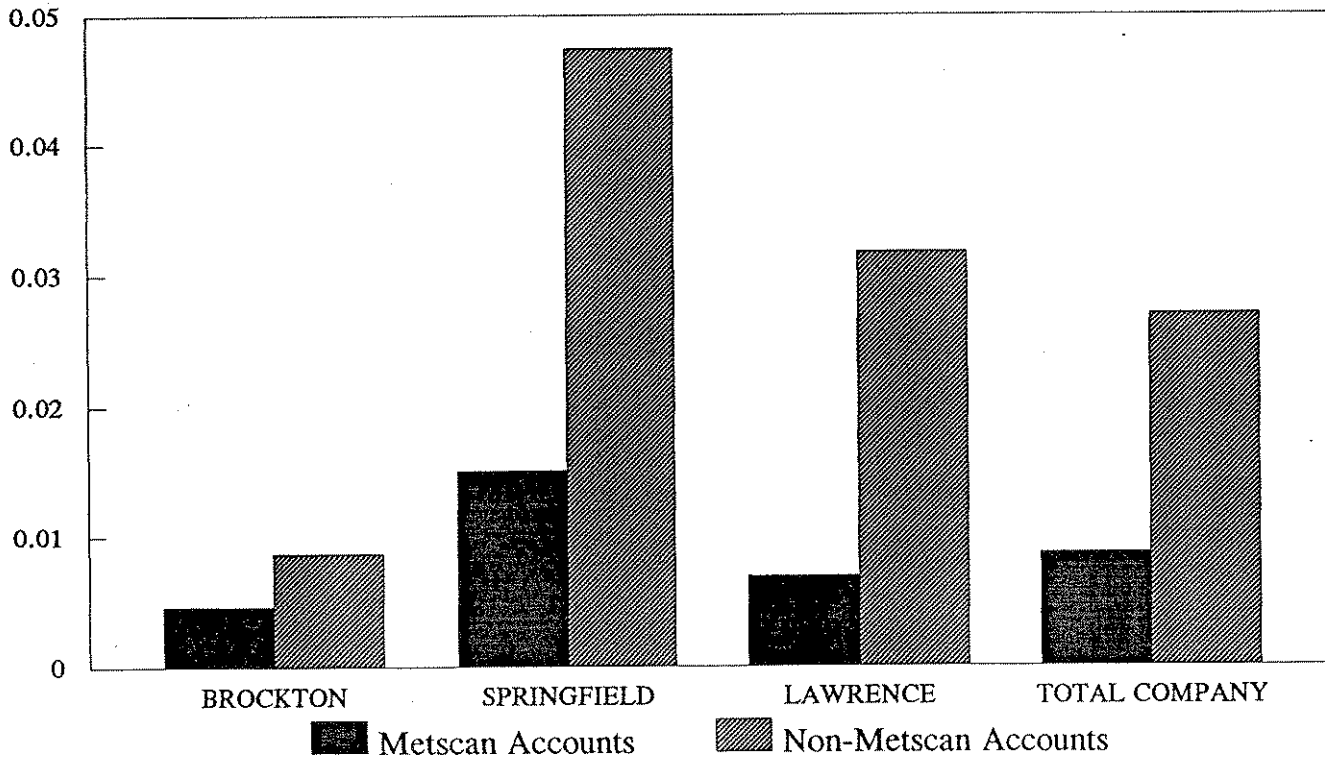
RATIO OF CUSTOMER INQUIRIES TO CUSTOMER BASE



ACCOUNTS WITH AT LEAST 6 CONSECUTIVE ESTIMATES

CYCLE	BROCKTON		SPRINGFIELD		LAWRENCE		TOTAL COMPANY	
	<u>METSCAN</u>	<u>NON-METSCAN</u>	<u>METSCAN</u>	<u>NON-METSCAN</u>	<u>METSCAN</u>	<u>NON-METSCAN</u>	<u>METSCAN</u>	<u>NON-METSCAN</u>
1	16	40	29	182	8	59	53	281
2	8	54	8	134	2	42	18	230
3	9	27	4	193	11	27	24	247
4	10	33	47	284	0	55	57	372
5	8	16	23	229	0	39	31	284
6	15	30	19	179	8	49	42	258
7	4	43	15	90	6	56	25	189
8	25	53	19	192	2	55	46	300
9	9	38	16	171	2	60	27	269
10	3	8	22	114	0	46	25	168
11	10	22	10	135	4	50	24	207
12	1	35	15	84	15	24	31	143
13	8	33	19	77	12	35	39	145
14	0	29	51	131	3	32	54	192
15	0	42	21	112	7	10	28	164
16	7	42	24	172	9	6	40	220
17	0	57	0	140	0	25	0	222
18	11	50	5	173	1	25	17	248
19	6	16	14	139	8	27	28	182
20	4	11	25	174	4	21	33	206
TOTAL:	154	679	386	3105	102	743	642	4527
AVERAGE:	7.7	33.95	19.3	155.25	5.1	37.15	32.1	226.35
Customer Base:	33,615	78,548	25,635	65,539	14,886	23,417	74,136	167,504
Estimate Percent:	0.46%	0.86%	1.51%	4.74%	0.69%	3.17%	0.87%	2.70%

RATIO OF CONSECUTIVE ESTIMATES TO CUSTOMER BASE



COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
THIRD SET OF INFORMATION REQUESTS FROM UWUA LOCAL 273
D. T. E. 05-27

Date: July 11, 2005

Responsible: Steven A. Barkauskas, Vice President Total Rewards
NiSource Corporate Services Company

UWUA-3-9 (Skirtich, p. 17) Please quantify and support with relevant documentation the "more competitive rates from its [health insurance] carriers" that Bay State has been able to obtain due to its affiliation with NiSource, including a table or schedule of the rates it will actually pay and the rates it would have paid had it remained a free-standing Massachusetts company.

Response: For the insured health plans, the Company does not negotiate its premiums for health insurance as a stand-alone entity apart from NiSource. Along the same lines, the Company's experience in the self-insured plans is combined with the experience from NiSource as a whole, thereby diluting health risk among a larger number of participants. Therefore, it is not possible to provide rate quotes for Bay State as a stand-alone entity.

With regard to the self-insured plans, and the inclusion of Bay State employees in the overall NiSource experience pool, it is well-documented that spreading risk over of larger number of insured employees (or participants) is a tactic used to minimize overall risk. Also, the ability to self-insure by spreading risk allows a company to avoid financing underwriting profits and claims reserves.

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
FOURTH SET OF INFORMATION REQUESTS FROM UWUA LOCAL 273
D. T. E. 05-27

Date: July 11, 2005

Responsible: Stephen H. Bryant, President

UWUA-4-1 Regarding the signing of the outsourcing contract with IBM that was announced on or about June 21, 2005:

(a) Please provide the number of Bay State employees who will be affected, whether through being assigned to IBM; severed from employment; or in any other manner. To the extent firm numbers are not available, please provide the company's best estimate. For each employee whose job may be affected, please include the employee's age, gender, and length of service with the company (but do not include the employee's name; use either initials or sequential numbers to identify each employee).

(b) Also provide the information requested broken down by geographic division (Brockton, Springfield, Lawrence), and department or function (e.g., call center, billing, etc.)

(c) Please provide the Company's best estimate of when any of the job changes resulting from or connected to the IBM outsourcing contract will be implemented. To the extent the effective dates of any job changes vary by geographic division or department, provide the various dates when those changes will occur.

(d) Please provide all written documents and e-mails that in any way discuss, describe or estimate the job changes that will occur as a result of the contract with IBM, including but not limited to reassignments of employees from Bay State to IBM; severance of any employees; job reclassifications; relocation of jobs from their present location to any other location; and changes in the terms or conditions of employment.

(e) Please provide all written documents (including e-mails) and summarize all verbal communications between NiSource/Bay State/NiSource affiliates and IBM regarding NiSource's/Bay State's/NiSource affiliates' representations to IBM about the "assignment" provisions of Local 273's collective bargaining agreements (E.g., Article XVI, § 2 of the Local 273 "physical" workers C.B.A.) and any comparable provisions of other C.B.A.s

(f) Please provide a copy of all written communications to Bay State employees regarding the IBM outsourcing contract and/or any related job

changes, including communications with Local 273, with any other union, and with workers not represented by any union. For verbal communications, please list the date and summarize the content of all such communications (teleconference calls, meetings between supervisors and front-line workers, etc.)

(g) Please provide any and all documents that list, describe or estimate the wage rates, salaries, benefits and other compensation that IBM will offer to any of the Bay State employees who may be reassigned to IBM.

(h) To the extent the company's reply to any of the sub-questions in UWUA 4-1 states that the requested information is not currently available, please update, revise or supplement the response as soon as any such information becomes available.

Response: (a) There are no current plans related to the NiSource outsourcing initiative that will impact Bay State employees, although 19 employees of NiSource Corporate Services Company (NCSC) that are currently based at Bay State facilities will be, or have been, impacted. Of the 19 NCSC employees, four positions will be eliminated and the remaining employees will be, or have been, offered positions with IBM. These planned changes will be completed by December 31, 2005.

(b) Please see the Company's response to (a).

(c) Please see the Company's response to (a).

(d) As noted in the Company's response to (a), there are no current plans related to the NiSource outsourcing initiative that will impact Bay State employees.

(e) The Company is researching this issue and will provide an updated response at the earliest possible time.

(f) Please see the Company's response to DTE-01-18.

(g) Please see the Company's response to (a).

(h) Please see the Company's response to (e).